

ASSEMBLY BILL

No. 1597

Introduced by Assembly Member Zettel

February 23, 2001

An act to amend Section 332.1 of the Public Utilities Code, relating to public utilities, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1597, as introduced, Zettel. Electrical restructuring: electric bills.

(1) Existing law requires the Public Utilities Commission to establish a ceiling of 6.5¢ per kilowatt hour on the energy component of electric bills for residential, small commercial, and lighting customers of the San Diego Gas and Electric Company, through December 31, 2002, retroactive to June 1, 2000, as prescribed. Existing law requires the commission to establish an accounting procedure to track and recover reasonable and prudent costs of providing electric energy to retail customers unrecovered through retail bills due to the application of that ceiling. Existing law requires the commission to institute a proceeding to examine the prudence and reasonableness of the San Diego Gas and Electric Company in the procurement of wholesale energy on behalf of its customers, and to issue orders it determines to be appropriate affecting the retail rates of San Diego Gas and Electric Company customers if it makes a specified finding.

This bill would make these provisions inoperative on the effective date of ____ enacted in the 2001–02 First Extraordinary Session. This bill would revise the procedures to be used by the commission in determining the reasonable and prudent costs of providing electricity

energy to San Diego Gas and Electric Company retail customers unrecovered through retail bills due to the application of the rate ceiling. The bill would require that if the commission determines there are unrecovered costs that are the responsibility of the ratepayers of the San Diego Gas and Electric Company, the rate adjustment to pay for those unrecovered costs shall be done in the same manner and over the same period of time as provided in _____ enacted in the 2001–02 First Extraordinary Session for the ratepayers of the Pacific Gas and Electric Company and the Southern California Edison Company to pay unrecovered costs.

(2) The bill would declare that, due to the special circumstances surrounding the San Diego Gas and Electric Company, a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution, and the enactment of a special statute is therefore necessary.

(3) The bill would declare that it is to take immediate effect as an urgency statute.

Vote: ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 332.1 of the Public Utilities Code is
2 amended to read:

3 332.1. (a) (1) It is the intent of the Legislature to enact Item
4 1 (revised) on the commission's August 21, 2000 agenda, entitled
5 "Opinion Modifying Decision (D.) D.00-06-034 and
6 D.00-08-021 to Regarding Interim Rate Caps for San Diego Gas
7 and Electric Company," as modified below.

8 (2) It is also the intent of the Legislature that to the extent that
9 the Federal Energy Regulatory Commission orders refunds to
10 electrical corporations pursuant to their findings, the commission
11 shall ensure that any refunds are returned to customers.

12 (b) The commission shall establish a ceiling of six and
13 five-tenth cents (\$.065) per kilowatt hour on the energy
14 component of electric bills for residential, small commercial, and
15 street lighting customers of the San Diego Gas and Electric
16 Company, through December 31, 2002, retroactive to June 1,
17 2000. If the commission finds it in the public interest, this ceiling



1 may be extended through December 2003 and may be adjusted as
2 provided in subdivision (d).

3 (c) The commission shall establish an accounting procedure to
4 track and recover reasonable and prudent costs of providing
5 electric energy to retail customers unrecovered through retail bills
6 due to the application of the ceiling provided for in subdivision (b).
7 The accounting procedure shall utilize revenues associated with
8 sales of energy from utility-owned or managed generation assets
9 to offset an undercollection, if undercollection occurs. The
10 accounting procedure shall be reviewed periodically by the
11 commission, but not less frequently than semiannually. The
12 commission may utilize an existing proceeding to perform the
13 review. The accounting procedure and review shall provide a
14 reasonable opportunity for San Diego Gas and Electric Company
15 to recover its reasonable and prudent costs of service over a
16 reasonable period of time.

17 (d) If the commission determines that it is in the public interest
18 to do so, the commission, after the date of the completion of the
19 proceeding described in subdivision (g), may adjust the ceiling
20 from the level specified in subdivision (b), consistent with the
21 Legislature's intent to provide substantial protections for
22 customers of the San Diego Gas and Electric Company and their
23 interest in just and reasonable rates and adequate service.

24 (e) For purposes of this section, "small commercial customer"
25 includes, but is not limited to, all San Diego Gas and Electric
26 Company accounts on Rate Schedule A of the San Diego Gas and
27 Electric Company, all accounts of customers who are "general
28 acute care hospitals," as defined in Section 1250 of the Health and
29 Safety Code, all San Diego Gas and Electric Company accounts
30 of customers who are public or private schools for pupils in
31 kindergarten or any of grades 1 to 12, inclusive, and all accounts
32 on Rate Schedule AL-TOU under 100 kilowatts.

33 (f) The commission shall establish a program for large
34 commercial, agricultural, and industrial customers who buy
35 energy from the San Diego Gas and Electric Company, on a
36 voluntary basis, at the election of the customer, to set the energy
37 component of their bills at six and five-tenths cents (\$.065) per
38 kilowatt hour with a true-up after a year.

39 (g) The commission shall institute a proceeding to examine the
40 prudence and reasonableness of the San Diego Gas and Electric

1 Company in the procurement of wholesale energy on behalf of its
2 customers, for a period beginning at the latest on June 1, 2000. If
3 ~~the commission finds that San Diego Gas and Electric Company~~
4 ~~acted imprudently or unreasonably, the commission shall issue~~
5 ~~orders that it determines to be appropriate affecting the retail rates~~
6 ~~of San Diego Gas and Electric Company customers including, but~~
7 ~~not limited to, refunds.~~

8 *(h) On the effective date of ____ of the 2001–02 First*
9 *Extraordinary Session all of the following shall apply:*

10 *(1) Subdivisions (b), (c), and (d) shall become inoperative.*

11 *(2) The commission shall determine the reasonable and*
12 *prudent costs of providing electric energy to retail customers*
13 *unrecovered through retail bills due to the application of the*
14 *ceiling provided for in subdivision (b) from June 1, 2000, to ____,*
15 *inclusive. In making the determination, the commission shall use*
16 *an accounting procedure that utilizes revenues associated with*
17 *sales of energy from utility-owned or managed generation assets*
18 *to offset any undercollection, and includes as a credit any amount*
19 *determined by the commission pursuant to subdivision (g) to be*
20 *due the ratepayers of the San Diego Gas and Electric Company*
21 *due to a lack of prudence and reasonableness of the San Diego Gas*
22 *and Electric Company in the procurement of wholesale energy on*
23 *behalf of its customers.*

24 *(3) If the commission determines pursuant to paragraph (2)*
25 *that there are unrecovered costs that are the responsibility of the*
26 *ratepayers of the San Diego Gas and Electric Company, the rate*
27 *adjustment to pay for those unrecovered costs shall be done in the*
28 *same manner and over the same period of time as provided in ____*
29 *of the 2001–02 First Extraordinary Session for the ratepayers of*
30 *the Pacific Gas and Electric Company and the Southern*
31 *California Edison Company to pay unrecovered costs.*

32 SEC. 2. The Legislature finds and declares that, due to the
33 special circumstances surrounding the San Diego Gas and Electric
34 Company, a general statute cannot be made applicable within the
35 meaning of Section 16 of Article IV of the California Constitution,
36 and the enactment of a special statute is therefore necessary.

37 SEC. 3. This act is an urgency statute necessary for the
38 immediate preservation of the public peace, health, or safety
39 within the meaning of Article IV of the Constitution and shall go
40 into immediate effect. The facts constituting the necessity are:

1 In order to provide timely relief to ratepayers in the service
2 territory of the San Diego Gas and Electric Company suffering
3 from a rapid increase in retail energy rates due to spiraling
4 wholesale energy costs, thereby endangering the public peace,
5 health, and safety, it is necessary that this act take immediate
6 effect.

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